

COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010**



**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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Required Supplemental Information
Management's Discussion and Analysis

**COLUMBIA PORT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

As Management of the Columbia Port Commission (the Port), we offer readers of the Columbia Port Commission's financial statements this narrative overview and analysis of the financial activities of the Columbia Port Commission as of December 31, 2011, and for the year then ended. We encourage readers to consider the information presented here in conjunction with the Port's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Columbia Port Commission's basic financial statements. The Columbia Port Commission is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Port as a whole and present a longer-term view of the Port's finances.

Financial Statements. The Port accounts for all financial activity in a single enterprise fund. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator. A fund is a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The financial statements are designed to provide readers with a broad view of the Columbia Port Commission's finances in a manner similar to that of a private-sector business. The statement of net assets presents information on all of Columbia Port Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Columbia Port Commission is improving or deteriorating. The statement of revenues, expenses and changes in net assets presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**COLUMBIA PORT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011**

FINANCIAL HIGHLIGHTS

- The assets of the Port exceeded its liabilities at December 31, 2011, by \$1,093,868.
- The Port's net assets decreased by \$20,861 as a result of this year's operations.

NET ASSETS

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|--------------------|
| Current and other assets | \$ 11,621 | \$ 13,884 |
| Capital assets, net | <u>1,356,227</u> | <u>1,427,894</u> |
| Total assets | <u>1,367,848</u> | <u>1,441,778</u> |
| Liabilities: | | |
| Current | 62,775 | 56,534 |
| Long-term: | | |
| Due to related party | 8,500 | 8,500 |
| Notes payable, net of current portion | <u>202,705</u> | <u>262,015</u> |
| Total liabilities | <u>273,980</u> | <u>327,049</u> |
| Net assets: | | |
| Invested in capital assets, net of debt | 1,094,411 | 1,117,304 |
| Unrestricted | <u>(543)</u> | <u>(2,575)</u> |
| Total net assets | <u>\$ 1,093,868</u> | <u>\$1,114,729</u> |

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Columbia Port Commission exceeded liabilities by \$1,093,868. Of total *net* assets of \$1,093,868, \$1,094,411 reflects the Port's investments in capital assets (e.g. land, building, improvements and equipment, net of accumulated depreciation), less any outstanding debt used to acquire those assets. The unrestricted balance as of December 31, 2011, was (\$543), up from (\$2,875) at December 31, 2010.

**COLUMBIA PORT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011**

The changes in net assets for the years ended December 31, 2011 and 2010, are summarized as follows:

CHANGES IN NET ASSETS

| | <u>2011</u> | <u>2010</u> |
|------------------------|----------------------------|---------------------------|
| Revenues | | |
| Operating revenues | \$ 72,312 | \$ 87,316 |
| Nonoperating revenues | <u>19,306</u> | <u>25,003</u> |
| Total revenues | <u>91,618</u> | <u>112,319</u> |
| Expenses | | |
| Administration | 23,308 | 31,575 |
| Depreciation | 71,667 | 71,667 |
| Interest | <u>17,504</u> | <u>31,889</u> |
| Total expenses | <u>112,479</u> | <u>135,131</u> |
| Decrease in net assets | (20,861) | (22,812) |
| Beginning net assets | <u>1,114,729</u> | <u>1,137,541</u> |
| Ending net assets | <u><u>\$ 1,093,868</u></u> | <u><u>\$1,114,729</u></u> |

Revenues of the Port consist of rentals, plus storage fees for corn, cottonseed, rice, etc. and mineral leases. The change in income from 2010 to 2011 is the result of fluctuation in normal activity. Significant expenses of the Port include maintenance and upkeep of facilities and depreciation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

Columbia Port Commission's investment in capital assets for its business-type activities as of December 31, 2011, amounts to \$1,356,227 (net of accumulated depreciation). This investment includes land, buildings, improvements, and equipment.

Long-term debt

At December 31, 2011, Columbia Port Commission had three bank notes payable totaling \$261,816. These notes have financed operations for the last several years as well as a portion of costs of the cottonseed warehouse completed in 2008 that was not covered by grant funds. The latest note refinanced an existing note to extend the due date.

ECONOMIC FACTORS AND NEXT YEAR EXPECTATIONS

The Port's 5,000-ton cottonseed warehouse was completed for occupancy in July 2007. The warehouse is leased for 10 years at \$32,000 per year.

The Port will strive toward maximizing use of all port property and work to qualify for additional grants (both state and federal) to add to infrastructure and improve economic opportunities for our tenants.

**COLUMBIA PORT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2011**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Columbia Port Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Columbia Port Commission, P.O. Box 76, Columbia, Louisiana 71418.



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Columbia Port Commission
Columbia, Louisiana

We have compiled the accompanying financial statements of the business-type activities of Columbia Port Commission as of December 31, 2011 and for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The 2010 financial statements of Columbia Port Commission were compiled by other accountants, whose report dated June 29, 2011, stated that they have not audited or reviewed the 2010 financial statements, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the 2011 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The management's discussion and analysis on pages 1 through 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on the supplementary information.

BOSCH & STATHAM, LLC

Bosch & Statham

July 12, 2012

Basic Financial Statements

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2011 AND 2010**

| ASSETS | 2011 | 2010 |
|---|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 10,621 | \$ 12,884 |
| Purchase option | 1,000 | 1,000 |
| Capital assets, net of accumulated depreciation | 1,356,227 | 1,427,894 |
| TOTAL ASSETS | 1,367,848 | 1,441,778 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accrued interest payable | 3,664 | 7,959 |
| Notes payable in one year | 59,111 | 48,575 |
| Noncurrent liabilities: | | |
| Due to related party | 8,500 | 8,500 |
| Notes payable in more than one year | 202,705 | 262,015 |
| TOTAL LIABILITIES | 273,980 | 327,049 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 1,094,411 | 1,117,304 |
| Unrestricted | (543) | (2,575) |
| TOTAL NET ASSETS | \$ 1,093,868 | \$ 1,114,729 |

See accompanying notes and accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|---|----------------------------|----------------------------|
| OPERATING REVENUES | | |
| Charges for services - leases | \$ 72,312 | \$ 81,689 |
| Charges for services - tonnage | - | 5,627 |
| Total operating revenues | <u>72,312</u> | <u>87,316</u> |
| OPERATING EXPENSES | | |
| Depreciation expense | 71,667 | 71,667 |
| Other expenses | 2,053 | 2,520 |
| Other purchased services | 121 | 1,436 |
| Purchased professional and technical services | 11,598 | 19,630 |
| Purchased property services | 9,481 | 7,989 |
| Supplies | 55 | - |
| Total operating expenses | <u>94,975</u> | <u>103,242</u> |
| OPERATING LOSS | <u>(22,663)</u> | <u>(15,926)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Intergovernmental - state grants | 19,306 | 25,000 |
| Investment earnings | - | 3 |
| Interest expense | (17,504) | (31,889) |
| Total nonoperating revenues (expenses) | <u>1,802</u> | <u>(6,886)</u> |
| Change in net assets | (20,861) | (22,812) |
| Net assets at beginning of year | <u>1,114,729</u> | <u>1,137,541</u> |
| Net assets at end of year | <u><u>\$ 1,093,868</u></u> | <u><u>\$ 1,114,729</u></u> |

See accompanying notes and accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 72,312 | \$ 87,316 |
| Payments to suppliers | (23,308) | (31,575) |
| Net cash provided by operating activities | <u>49,004</u> | <u>55,741</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal paid on capital debt | (48,774) | (57,910) |
| Interest paid on capital debt | (21,799) | (28,566) |
| Receipts from grantor | 19,306 | 25,000 |
| Net cash used in capital and related financing activities | <u>(51,267)</u> | <u>(61,476)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | - | 3 |
| Net cash provided by investing activities | <u>-</u> | <u>3</u> |
| Net increase (decrease) in cash and cash equivalents | (2,263) | (5,732) |
| Cash and cash equivalents, beginning of year | <u>12,884</u> | <u>18,616</u> |
| Cash and cash equivalents, end of year | <u>\$ 10,621</u> | <u>\$ 12,884</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating loss | \$ (22,663) | \$ (15,926) |
| Adjustments: | | |
| Depreciation expense | 71,667 | 71,667 |
| Net cash provided by operating activities | <u>\$ 49,004</u> | <u>\$ 55,741</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCIAL | | |
| None | | |

See accompanying notes and accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Introduction

The Columbia Port Commission (the Port) is a political subdivision of the State of Louisiana and was created by the Revised Statutes 34:1901 by the Louisiana Legislature. The Port is composed of five members, who serve without compensation, and who are appointed as follows:

1. The governing authority of the Parish of Caldwell appoints two Commissioners.
2. The governing authority of the Town of Columbia appoints two Commissioners.
3. One Commissioner is elected by the appointed Commissioners at their initial meeting.

The Port exercises the powers conferred upon it within the entire Parish of Caldwell. The Port may authorize a reasonable travel allowance for its members in the performance of their duties, and it may employ such officers, or agents, and employees, as it may find necessary in the performance of its duties, and may prescribe the duties, powers and compensation of such officers, agents, and employees. The Port may, on such terms upon which it may agree, contract for legal, financial, engineering, and other professional services necessary or expedient in the conduct of its affairs, and may on terms and conditions mutually agreeable, utilize the services of the executive department of the state.

When authorized by a vote of a majority of the property taxpayers of the port area qualified to vote at an election for this purpose, the Port has authority to levy annually on all property subject to taxation and situated within the port area, an ad valorem tax not to exceed two and one-half mills on the dollar.

The Port may not acquire by expropriation any wharves, landing, or any other property in use by private interests.

The Port is reported as a stand-alone entity as defined by GASB Statement No. 14, *The Reporting Entity*. The Port is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Port.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of presentation – fund accounting

The Port's operations are accounted for in a proprietary fund type - the enterprise fund. The proprietary fund type is accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenses) in net total assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Port has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents

Cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents. State law and the Port's investment policy allow the Port to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

See accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Port maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over estimated useful lives ranging from five to fifteen years.

Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the Port's control which are either unusual in nature or infrequent in occurrence.

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Port considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2011 and 2010, the Port had cash and cash equivalents (book balances) totaling \$10,621 and \$12,884 as follows:

| | <u>2011</u> | <u>2010</u> |
|-----------------|------------------|-----------------|
| Demand deposits | \$ 10,356 | \$12,619 |
| Time deposits | <u>265</u> | <u>265</u> |
| Total | <u>\$ 10,621</u> | <u>\$12,884</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011 and 2010, the Port has \$10,621 and \$12,884 in deposits (collected bank balances), respectively. At December 31, 2011 and 2010, these deposits were secured from risk by federal deposit insurance.

NOTE 3 – CAPITAL ASSETS

Capital assets and depreciation activity as of December 31, 2011 and 2010, and for the years then ended are as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| For the year ended December 31, 2011: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 446,600 | \$ - | \$ - | \$ 446,600 |
| Total capital assets not being depreciated | <u>446,600</u> | <u>-</u> | <u>-</u> | <u>446,600</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,477,540 | - | - | 1,477,540 |
| Equipment | <u>8,779</u> | <u>-</u> | <u>-</u> | <u>8,779</u> |
| Total capital assets being depreciated | <u>1,486,319</u> | <u>-</u> | <u>-</u> | <u>1,486,319</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (500,781) | (71,228) | - | (572,009) |
| Equipment | <u>(4,244)</u> | <u>(439)</u> | <u>-</u> | <u>(4,683)</u> |
| Total accumulated depreciation | <u>(505,025)</u> | <u>(71,667)</u> | <u>-</u> | <u>(576,692)</u> |
| Total capital assets being depreciated, net | <u>981,294</u> | <u>(71,667)</u> | <u>-</u> | <u>909,627</u> |
| Net capital assets | <u>\$1,427,894</u> | <u>\$(71,667)</u> | <u>\$ -</u> | <u>\$1,356,227</u> |

See accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 3 – CAPITAL ASSETS (Continued)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| For the year ended December 31, 2010: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 446,600 | \$ - | \$ - | \$ 446,600 |
| Total capital assets not being depreciated | <u>446,600</u> | <u>-</u> | <u>-</u> | <u>446,600</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,477,540 | - | - | 1,477,540 |
| Equipment | 8,779 | - | - | 8,779 |
| Total capital assets being depreciated | <u>1,486,319</u> | <u>-</u> | <u>-</u> | <u>1,486,319</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (429,553) | (71,228) | - | (500,781) |
| Equipment | (3,805) | (439) | - | (4,244) |
| Total accumulated depreciation | <u>(433,358)</u> | <u>(71,667)</u> | <u>-</u> | <u>(505,025)</u> |
| Total capital assets being depreciated, net | <u>1,052,961</u> | <u>(71,667)</u> | <u>-</u> | <u>981,294</u> |
| Net capital assets | <u>\$1,499,561</u> | <u>\$(71,667)</u> | <u>\$ -</u> | <u>\$1,427,894</u> |

NOTE 4 – LEASES

The Port is the lessor of certain property which consists of the use of the rock yard, acreage, the grain elevator, and a rail spur. The lease agreements also provide for loading and storage fees based on the quantity of product loaded or stored. The Port also receives gas royalties which are included in lease income on the statement of revenues, expenses, and changes in net assets. Royalties were \$8,837 and \$10,103 for the years ended December 31, 2011 and 2010, respectively.

During each of the years ended December 31, 2011 and 2010, revenue from three customers represented approximately 90 percent of operating revenue.

Following is a schedule by year of future minimum rental income to be received under non-cancelable operating leases in effect as of December 31, 2011:

Fiscal year:

| | |
|------|-------------------|
| 2012 | \$ 86,918 |
| 2013 | 48,000 |
| 2014 | 48,000 |
| 2015 | 48,000 |
| 2016 | 43,000 |
| | <u>\$ 273,918</u> |

See accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 – NOTES PAYABLE

The following schedule presents changes in debt for the years ended December 31, 2011 and 2010:

For the Year Ended December 31, 2011:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|-------------------------|------------------------------|--------------------|---------------------------|---------------------------|
| Notes payable, 12/30/04 | \$ 42,364 | \$ - | \$ (20,089) | \$ 22,275 |
| Notes payable, 10/17/08 | 74,811 | - | (18,685) | 56,126 |
| Notes payable, 10/21/09 | 193,415 | - | (10,000) | 183,415 |
| Total | <u><u>\$ 310,590</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (48,774)</u></u> | <u><u>\$ 261,816</u></u> |

For the Year Ended December 31, 2010:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|-------------------------|------------------------------|--------------------|---------------------------|---------------------------|
| Notes payable, 12/30/04 | \$ 60,921 | \$ - | \$ (18,557) | \$ 42,364 |
| Notes payable, 10/17/08 | 103,871 | - | (29,060) | 74,811 |
| Notes payable, 10/21/09 | 203,708 | - | (10,293) | 193,415 |
| Total | <u><u>\$ 368,500</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (57,910)</u></u> | <u><u>\$ 310,590</u></u> |

Notes payable at December 31, 2011 and 2010, consisted of the following:

| | <u>2011</u> | <u>2010</u> |
|---|--------------------------|--------------------------|
| Note payable dated December 30, 2004, payable in monthly installments of \$1,897 including interest at 8.00%, due December 16, 2012, secured by deposits, building, and equipment. | \$ 22,275 | \$ 42,364 |
| Note payable dated October 17, 2008, payable in quarterly installments including interest at 8.00%, due October 2, 2013, secured by land. | 56,126 | 74,811 |
| Note payable dated October 21, 2009, interest payable annually at 7.50%, principal payable in annual installments of \$10,000 from 2010 through 2013 with all remaining principal due in 2014, secured by land. | 183,415 | 193,415 |
| Totals | <u><u>\$ 261,816</u></u> | <u><u>\$ 310,590</u></u> |

See accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 – NOTES PAYABLE (Continued)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of notes payable as of December 31, 2011 and 2010:

| | <u>Current</u> | <u>Long-term</u> | <u>Total</u> |
|---------------------------|------------------|-------------------|-------------------|
| December 31, 2011: | | | |
| Note dated December 2004 | \$ 22,275 | \$ - | \$ 22,275 |
| Note dated October 2008 | 26,836 | 29,290 | 56,126 |
| Note dated October 2009 | 10,000 | 173,415 | 183,415 |
| Totals | <u>\$ 59,111</u> | <u>\$ 202,705</u> | <u>\$ 261,816</u> |
| December 31, 2010: | | | |
| Note dated December 2004 | \$ 20,216 | \$ 22,148 | \$ 42,364 |
| Note dated October 2008 | 18,652 | 56,159 | 74,811 |
| Note dated October 2009 | 9,707 | 183,708 | 193,415 |
| Totals | <u>\$ 48,575</u> | <u>\$ 262,015</u> | <u>\$ 310,590</u> |

Future maturities of long-term debt are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|-------------------|------------------|-------------------|
| 2012 | \$ 59,111 | \$ 18,498 | \$ 77,609 |
| 2013 | 39,290 | 14,526 | \$ 53,816 |
| 2014 | 163,415 | 12,278 | 175,693 |
| | <u>\$ 261,816</u> | <u>\$ 45,302</u> | <u>\$ 307,118</u> |

NOTE 6 – RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. To handle such risk of loss, the Port requires all lessees to maintain commercial insurance policies covering property, general liability, employee fidelity, and workers' compensation.

No claims were paid on any of these policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the years ended December 31, 2011 and 2010.

See accountant's compilation report.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 – RELATED PARTY TRANSACTIONS

The President of the Commission loaned the Port \$8,500 in 2005. The loan is noninterest bearing and has no specified maturity date. The balance is unpaid as of December 31, 2011.

NOTE 8 – CONTINGENCIES

There are no claims pending against the Columbia Port Commission at December 31, 2011.

As shown in the accompanying financial statements, outstanding debt as of December 31, 2011, totaled \$261,816. Of that amount, \$59,111 is presented as a current liability. Note 4 presents expected 2012 income of \$86,918 under leases. Management expects gas royalties in 2012 but is unable to estimate the amount due to fluctuations in the market. Management estimates 2012 tonnage revenue to be consistent with prior years. The Port's current liabilities exceeded its current assets by \$51,154. Those factors create an uncertainty about the Port's ability to continue as a going concern. The Board is constantly exploring ways to increase revenue. The Port has recently been certified by the Northeast Louisiana Economic Development Association. The Port expects this certification to result in increased marketing. There are plans underway to build a railroad spur. Construction will begin in 2013. The spur will make it possible to market the Port in new ways. In addition, the Port has entered into an agreement to sell a parcel of land to the East Columbia Water District in the amount of \$29,000. The ability of the Port to continue as a going concern is dependent upon the plan's success. The financial statements do not include any adjustments that might be necessary if the Port is unable to continue as a going concern.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 12, 2012, the date on which the financial statements were available to be issued.

Other Reports

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

We did not perform an audit or review of the financial statements as of and for the year ended December 31, 2011. However, while performing our compilation procedures and following up on prior year findings as required by the Louisiana Governmental Audit Guide, we noted the following matters that must be communicated to management of the Port.

This communication is intended solely for the information and use of the Board, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Louisiana Legislative Auditor as a public document.

2011-1 Segregation of Duties

Condition/Criteria/Effect

During 2011, the President of the Commission performed the following functions with occasional assistance from another board member:

- Opened mail
- Prepared deposits
- Prepared checks
- Signed checks
- Issued checks

Lack of proper segregation of duties increases the risk that assets could be misappropriated and that such action could be undetected.

Cause

It is not economically feasible for the Port to hire personnel to effect the proper segregation of duties.

Recommendation

We understand that the Port has concluded that it is not feasible to correct this deficiency by hiring employees at this time. We recommend that the Board review bank statements and the general ledger on a regular basis.

Management's Response

The Board plans to hire an office manager when financial position permits it.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

2011-2 Failure to Obtain State Bond Commission Approval

Condition

The Port did not obtain State Bond Commission approval before obtaining bank loans during 2006, 2007, 2008, and 2009. A previous approval obtained from the State Bond Commission applied to debt up to \$155,000 and expired in 2009. The Port's debt balances at December 31, 2011, 2010, 2009, 2008, 2007, and 2006 were \$261,816, \$310,590, \$368,500, \$414,455, \$452,784, and \$210,813, respectively.

In response to the 2009 finding, the Board indicated that it had retained a bond attorney to assist in resolving the issue. The Board has no written documentation of its correspondence with the State Bond Commission through the attorney. The Board is unable to produce any documentation that formal paperwork has been filed with the State Bond Commission.

Criteria

LSA-RS 39:1410.60-1410.65 requires that the Port obtain the approval of the State Bond Commission before incurring long-term debt.

Cause

With respect to the 2006 loan, the Commission believed it was in compliance due to the previous approval. The 2007 loan proceeds were combined with a state grant to purchase a piece of property. The Commission believed that approval of the State Bond Commission was not required for this transaction. The 2008 loan proceeds were used to pay off two previous loans. The 2009 loan extended the maturity date of the 2008 loan.

Effect

The Port appears to be in violation of state law.

Recommendation

We recommend that the Commission consult legal counsel for guidance on how to proceed. We further recommend that the Commission obtain State Bond Commission approval on all future indebtedness.

Management's Response

We will continue to work with a law firm that specializes in debt transactions. The Board will obtain proper approval for any future loans.

**COLUMBIA PORT COMMISSION
COLUMBIA, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Finding 2010-1 Segregation of Duties

Initially Occurred: 2004
Corrective Action Taken: No
Planned Corrective Action: See 2011-1.

Finding 2010-2 Failure to Obtain State Bond Commission Approval

Initially Occurred: 2006
Corrective Action Taken: No
Planned Corrective Action: See 2011-2.